

TO: Chairman and Members

DATE: November 18, 2010

**SUBJECT: SB 81 2007 Local Youthful Offender Rehabilitative
Facilities Construction Financing Program Update
Additional Funding**

AGENDA ITEM: K

**ACTION: X
INFORMATION:**

RESOURCE PERSON: Charlene Aboytes

Summary:

This agenda item provides the Corrections Standards Authority (CSA) Board with an update of the Senate Bill (SB) 81 2007 Local Youthful Offender Rehabilitative Facilities Construction Financing Program.

Background:

The 2007 Budget Act, signed by Governor Arnold Schwarzenegger in August 2007 included funding to implement the Local Youthful Offender Rehabilitative Facility Construction Financing Program authorized by SB 81. This legislation included \$100 million in lease-revenue bond financing for the construction of local youthful offender rehabilitative facilities.

At its March 2009 meeting, the Board accepted the SB 81 Local Youthful Offender Rehabilitative Facilities Construction Financing Program Executive Steering Committee's (ESC) recommended list for proposals and provided conditional awards to the six highest ranked counties (one large, three medium and two small): Alameda, Stanislaus, San Luis Obispo, Monterey, Tuolumne and Shasta.

Alameda, Stanislaus, San Luis Obispo, and Tuolumne counties were fully funded. Monterey County and Shasta County received only partial funding due to being "on the cusp" or at the cutoff point in available funding within their respective set-asides. Citing fiscal constraints, Monterey County subsequently declined the funding. Shasta County accepted the conditional award partially funding their project (they were awarded full funding at the July 2009 CSA meeting). Because Monterey County declined the financing, Santa Cruz County was offered and subsequently accepted the conditional award fully funding their project. (The conditionally awarded counties are shown in Attachment A.)

With the above counties fully funded, approximately \$1.4 million remained to partially fund the remaining three large counties (Santa Clara, Riverside and Los Angeles), two medium counties (Merced and Monterey) and three small counties (Humboldt, Yolo and Colusa) that remained on the ranked ordered list (Attachment B). Each of these counties were offered the \$1.4 million, contingent upon their commitment to completing the project's full scope of work and providing the full match amount stated in their proposal. Each county declined citing fiscal constraints.

At its July 2009 meeting, the Board directed the SB 81 ESC reconvene in response to a letter from the Chief Probation Officers of California (CPOC) and a letter from Riverside Chief Probation Officer Alan Crogan. The essence of their letters was to request the support of the CSA Board in CPOC's effort to seek legislation to fully fund the remaining eight counties who have unfunded SB 81 projects.

The purpose of the ESC meeting was to facilitate a discussion, with public comment and to develop a recommendation for the March 2010 Board meeting to either support or not support CPOC's request for additional funding.

In February, 2010 the ESC (Attachment C) met in a public forum in Sacramento. The committee unanimously accepted the first motion to request the CSA Board support CPOC's effort to request the Legislature fund the SB 81 Local Youthful Offender Rehabilitative Facilities Construction Financing Program projects an additional \$300 million in lease-revenue bonds.¹ The committee's second motion was, in the event that the Legislature authorized an additional \$300 million in lease-revenue bonds, to recommend to the CSA Board to fund the proposals from the remaining eight counties and convene an ESC to develop another Request for Proposals for additional counties to apply for any remaining funds.

At the March 2010 meeting, after considerable discussion, the Board moved to recognize the need for \$300 million in funding for juvenile programs and housing at the state and local level.

On October 19, 2010, Governor Schwarzenegger signed Assembly Bill 1628. Among its many provisions, this bill added \$200 million in lease-revenue bond financing to the Local Youthful Offender Rehabilitative Facilities Construction Financing Program. This agenda item provides the Board the opportunity to take action on the distribution of the available \$200 million in lease-revenue bond financing. It is appropriate to reiterate the ESC's recommendations from their February 2010 meeting:

- fund the proposals from the remaining eight counties and
- convene an ESC to develop another Request for Proposals for additional counties to apply for any remaining funds.

Additionally for the Board's consideration is to include the remaining \$1,473,409 in unallocated funds with this \$200 million. The total amount of available lease-revenue bond financing would add up to \$201,473,409.

Recommendation/Action Needed:

Staff recommends that the Board:

1. Combine the unallocated \$1,473,409 with the newly allocated \$200 million for a total of \$201,473,409 in lease-revenue bond financing;
2. Fully fund the proposals from the remaining eight counties; and,
3. Convene an ESC to develop another Request for Proposals for additional counties to apply for any remaining funds.

¹ When SB 81 first originated, the legislation authorized \$400 million in lease-revenue bond financing.
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